

**70A-9a-628 Nonliability and limitation on liability of secured party -- Liability of secondary obligor.**

- (1) Unless a secured party knows that a person is a debtor or obligor, knows the identity of the person, and knows how to communicate with the person:
  - (a) the secured party is not liable to the person, or to a secured party or lienholder that has filed a financing statement against the person, for failure to comply with this chapter; and
  - (b) the secured party's failure to comply with this chapter does not affect the liability of the person for a deficiency.
- (2) A secured party is not liable because of its status as secured party:
  - (a) to a person that is a debtor or obligor, unless the secured party knows:
    - (i) that the person is a debtor or obligor;
    - (ii) the identity of the person; and
    - (iii) how to communicate with the person; or
  - (b) to a secured party or lienholder that has filed a financing statement against a person, unless the secured party knows:
    - (i) that the person is a debtor; and
    - (ii) the identity of the person.
- (3) A secured party is not liable to any person, and a person's liability for a deficiency is not affected, because of any act or omission arising out of the secured party's reasonable belief that a transaction is not a consumer-goods transaction or a consumer transaction or that goods are not consumer goods, if the secured party's belief is based on its reasonable reliance on:
  - (a) a debtor's representation concerning the purpose for which collateral was to be used, acquired, or held; or
  - (b) an obligor's representation concerning the purpose for which a secured obligation was incurred.
- (4) A secured party is not liable to any person under Subsection 70A-9a-625(3)(b) for its failure to comply with Section 70A-9a-616.
- (5) A secured party is not liable under Section 70A-9a-625(3)(b) more than once with respect to any one secured obligation.

Enacted by Chapter 252, 2000 General Session